

Retailers are supposed to file sales tax returns on the cash (i.e. gross receipts) basis according to Section 3 of the Retailers' Occupation Tax Act. See 35 ILCS 120/3. (This is a GIL.)

September 18, 2001

Dear Xxxxx:

This letter is in response to your letter dated August 16, 2001. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be accessed at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

Currently, the Illinois Sales Tax liability of AAA, is based on and reported on an accrual basis. We report and if applicable, pay the sales tax liability in the period in which we invoice our customer product that includes sales taxes instead of reporting and paying based on actual receipt of cash from our customer paying for invoices that include Illinois sales tax. This method creates the need to file amended returns and for credits when customers subsequently provide valid Illinois sales tax exemption certificates. In addition, this method requires AAA to pay this tax liability before our customers remit the sales tax to us. Sometimes this can be up to several months.

Therefore, AAA is requesting to be allowed to report and pay future Illinois Sales Tax liabilities in the period that Illinois Sales Tax monies are remitted to us by our customers.

I am looking forward to your favorable response.

Thank you for writing to the Department about your filing situation. Retailers are supposed to file sales tax returns on the cash (i.e. gross receipts) basis according to Section 3 of the Retailers' Occupation Tax Act, 35 ILCS 120/3. Therefore your change to the gross receipts basis will bring your filing method into compliance with the statutorily prescribed procedure.

We have forwarded your letter to the Department's Sales Tax Processing Division. If you have further questions about your filing status, please contact that office.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Karl W. Betz
Associate Counsel

KWB:msk